



**Economic and Fiscal  
Impacts of a New  
State-of-the-Art  
Stadium in  
Santa Clara:**



**New Home of the  
San Francisco 49ers**

**Presented by:**



**April 4, 2007**



## **1.0 Introduction & Executive Summary**

In November 2006, the San Francisco 49ers (“the 49ers” or “the Team”) announced plans to explore the feasibility of developing a new 68,000-seat stadium in Santa Clara, near the Great America Amusement Park. The 49ers commissioned a study by Conventions, Sports and Leisure, International (“CSL”) to develop an independent estimate of the quantifiable impacts that could be generated to Santa Clara County (“the County”) and the City of Santa Clara (“the City”) by the presence of a new stadium in Santa Clara that would serve as the home of the 49ers. The quantified



impacts estimated in this report include direct spending, indirect spending, jobs, personal earnings and tax revenues resulting from the presence of the proposed stadium and the 49ers franchise. The assumptions underlying the estimates of economic and fiscal impacts are based on historical and/or projected operations, fan intercept surveys and industry data. The report is comprised of the following sections:

- 1.0 Introduction & Executive Summary
- 2.0 Economic & Fiscal Impact Overview
- 3.0 Key Operating Assumptions
- 4.0 Direct Economic Activity
- 5.0 Direct and Indirect Impact
- 6.0 Fiscal Impacts
- 7.0 Construction Period Impacts
- 8.0 Non-Quantifiable Benefits
- 9.0 Report Conditions

Since the team’s inception as a member of the All-America Football Conference (“AAFC”) in 1946 and their admission into the National Football League (“NFL”) in 1950, the 49ers have entertained generations of Bay Area residents. The team’s storied tradition of success, which includes 22 playoff appearances and 5 Super Bowl championships, has earned the 49ers a reputation as one of the NFL’s premier franchises. The team’s visibility is invaluable and provides millions of dollars of exposure for the Bay Area.

From the team’s inception through the 1970 season, the 49ers played their home games at Kezar Stadium at the southeastern corner of Golden Gate Park. Since 1971 the 49ers have made their home at the current Monster Park, located southeast of downtown San Francisco on Candlestick Point.



The 49ers, like many other professional sports franchises, are often more than just an entertainment choice or an employer in a diverse industry providing jobs and income. Professional sports, including NFL football, have many aspects of what are considered “public goods.” Similar to public parks, libraries and performing arts facilities, professional sports teams create economic and social value not just for those who directly attend or watch the sporting events, but for the entire community. Professional sports have long been intertwined with the quality of urban living and can serve as an important symbol of a community’s identity. Beyond the importance an NFL team can play in its host community in terms of identity and quality of life, there are also a number of quantifiable economic benefits. These benefits often include increased economic activity, enhanced personal earnings, full and part time jobs and charitable contributions.

### **Summary of Economic Impacts**

The estimates of spending and related impacts presented in this report are based on the estimated operations of the 49ers franchise at a new stadium in Santa Clara as well as other events at the stadium. These operating estimates are based on a variety of data, including information provided by other NFL teams and stadium operators, the results of surveys of 49ers game attendees and other such information. These assumptions provided a basis on which to estimate the total direct spending generated by the 49ers and the new stadium. By applying economic impact multipliers to these direct spending levels, the impact of the Team and stadium was estimated in terms of total output created, earnings generated and jobs supported.

It should be noted that the impacts discussed in this report do not include additional impacts that are likely to be generated by ancillary development surrounding the stadium. For purposes of this analysis, the economic impacts of the 49ers and the new stadium have been presented in terms of adjusted impacts, which represent the impacts to the local economy after accounting for the unique nature of player salaries and the manner in which they impact the economy as well as other expenditures that are not expected to impact the local economy.

Throughout this report, the estimated economic impacts are presented in terms of County impacts and City impacts to reflect the portion of economic activity attributable to the Team and stadium that is assumed to take place within each jurisdiction. It should be noted that impacts taking place within the City of Santa Clara are included in both the City and County impacts presented herein.



## New 49ers Stadium Economic Impact Analysis

The following chart provides a summary of the annual spending and resulting impacts associated with the on-going operations of the 49ers and the proposed stadium.

### Overview of Estimated Economic Impacts

	County Impacts		City Impacts	
	Year 1	NPV <sup>(1)</sup>	Year 1	NPV <sup>(1)</sup>
Direct Spending	\$160,000	\$3,500,000	\$72,000	\$1,589,000
Total Output	\$249,000	\$5,397,000	\$98,000	\$2,187,000
Personal Earnings	\$112,000	\$2,475,000	\$44,000	\$1,019,000
Employment	2,230	n/a	920	n/a

(1) Net present value of estimated impacts over the first 30 years of stadium operations assuming a 6 percent discount rate.

Note: All dollar figures are in 000's.

As shown, the adjusted direct spending occurring in Santa Clara County attributable to the 49ers and the new stadium totals approximately \$160 million annually, which in turn generates approximately \$249 million of total annual output and \$112 million in annual personal earnings and supports approximately 2,230 jobs.

Adjusted direct spending occurring within the City of Santa Clara is estimated to total approximately \$72 million annually. This level of direct spending is estimated to generate approximately \$98 million in total output and \$44 million in personal earnings and support approximately 920 jobs.

In addition to these economic impacts, the 49ers and the new stadium would create fiscal impacts by generating tax revenues for the City, County and State. The following table summarizes annual tax revenues estimated to result from Team and stadium operations.

### Estimated Fiscal Impacts

Tax Type	Year 1	NPV
State Taxes		
Sales	\$5,300	\$124,000
Personal Income	3,000	66,000
State Franchise	1,100	23,000
<b>Total State Tax Revenues</b>	<b>\$9,400</b>	<b>\$213,000</b>
County Taxes		
Sales	\$1,600	\$37,000
<b>Total County Tax Revenues</b>	<b>\$1,600</b>	<b>\$37,000</b>
City Taxes		
Sales	\$500	\$11,000
Transient Occupancy	300	7,000
<b>Total City Tax Revenues</b>	<b>\$800</b>	<b>\$18,000</b>
Other Taxes		
Prop 13 Sales <sup>(1)</sup>	\$500	\$12,000
<b>Total Other Tax Revenues</b>	<b>\$500</b>	<b>\$12,000</b>
<b>Total Tax Revenues</b>	<b>\$12,300</b>	<b>\$280,000</b>

(1) Represents Prop 13 sales tax revenues estimated to be generated throughout the State.

Note: All dollar figures are in 000's.



### Annual Economic Impacts:

Output:  
**\$249 million (County)**  
**\$98 million (City)**

Personal Earnings:  
**\$112 million (County)**  
**\$44 million (City)**

Jobs:  
**2,230 (County)**  
**920 (City)**

Tax Revenues  
**\$12.3 million**



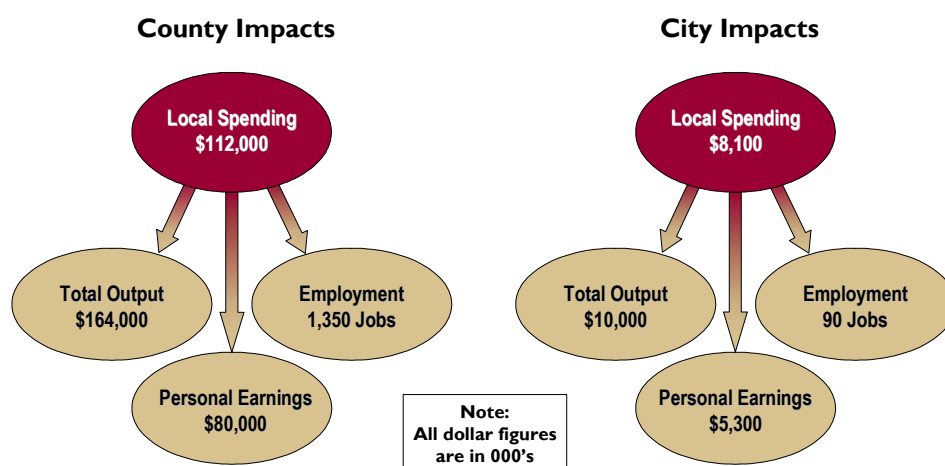


## Summary of Construction Period Impacts

In addition to the annual impacts generated by the presence of the 49ers and the new Stadium, the construction of the facility will have significant impacts on the local and regional economy throughout the development period. Based on the latest project cost estimates prepared by project pre-construction managers, the total direct spending occurring within the County and City was calculated and the economic and fiscal impacts resulting from those spending levels were estimated, as summarized in the following exhibit.

*Approximately 1,350 new jobs would be supported in Santa Clara County during the stadium construction phase.*

### Construction Impacts



As shown, \$112 million of construction spending is estimated to take place within Santa Clara County, generating approximately \$164 million in total output during the construction period. This level of economic activity is estimated to support 1,350 jobs with total personal earnings of approximately \$80 million. Approximately \$8.1 million of project spending is estimated to occur within the City of Santa Clara, which would generate approximately \$10.0 million in output and \$5.3 million in earnings while supporting approximately 90 jobs during the construction period. Additionally, approximately \$30 million in State and local sales tax revenues are estimated to be generated during the construction period.

## Summary of Community Benefits

In addition to the economic benefits attributable to the presence of the 49ers, various community groups and non-profit organizations have benefited from the presence of the Team and the NFL. Financial and personal contributions by players, coaches, staff and the 49ers' ownership have positively impacted many local organizations. Information on these charitable efforts is provided in Section 8.0.





## 2.0 Economic and Fiscal Impact Overview

Measurement of the effects that a particular development or business operation has on a specific economy are typically characterized in terms of **economic impacts** and **fiscal impacts**. **Economic impacts** measure direct spending, total output, personal earnings and employment. **Fiscal impacts** measure tax revenues including sales, hotel/motel, property and other similar county and state taxes.

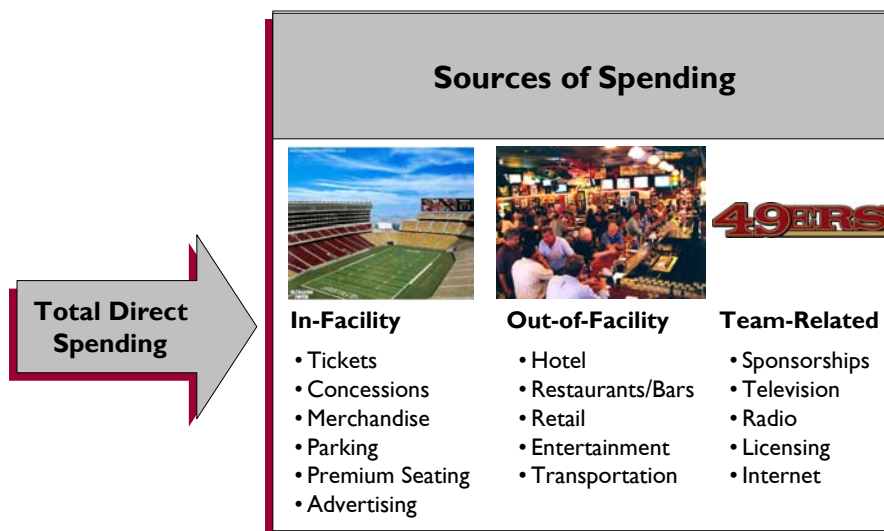
The operation of NFL franchises can create significant impacts on a community in a variety of ways. As a part of ongoing team operations, economic impacts are generated by the franchise, the League, stadium operations and fan spending. The impacts generated by an NFL team most visibly begin with fan and corporate spending on tickets, concessions, parking, merchandise, premium seating and stadium sponsorship at the stadium. League and other team revenues also comprise a portion of the initial round of spending. Other spending sources that further comprise the initial round of spending include visiting team expenditures and spending by fans at local establishments before and after games. The following flow chart provides a summary of the initial round of spending that impacts the local economy due to the presence of the 49ers and their new stadium.



*The impacts generated by an NFL team most visibly begin with fan spending at the stadium.*



### Direct Spending





The annual impact resulting from the operation of the 49ers and the new stadium has been estimated using the following economic measurements:

- **Direct spending** represents the first round of quantifiable spending and includes team revenues, spending by fans before and after home games and visiting team expenditures.
- **Total output** represents the total direct, indirect and induced spending effects generated by the operations of the 49ers and the new stadium.
- **Personal earnings** represent the wages and salaries earned by employees of businesses associated with or impacted by the operations of the 49ers and the new stadium.
- **Employment** represents the number of full- and part-time jobs generated by the 49ers and the stadium from the direct and indirect spending.
- **Fiscal impacts** represent State and local taxes generated as a result of direct, indirect and induced spending resulting from the operations of the 49ers and the stadium.



*The resulting impacts include total economic output, personal earnings, jobs and tax revenues*





### 3.0 Key Operating Assumptions

The initial step in estimating the economic impacts generated by a sports franchise and facility is to develop assumptions pertaining to annual events and attendance as well as per capita spending levels of stadium patrons. For purposes of this analysis, assumptions have been developed for three types of stadium events: 49ers games, recurring stadium events and non-recurring events.

#### *Stadium and Team Assumptions*

The key assumptions related to 49ers games at the new stadium are based on the Team's latest estimates related to attendance, ticket pricing, per capita spending, premium seating inventory and pricing and other such operating assumptions. These assumptions form the basis for the estimates of in-stadium spending and team revenues.

The analysis includes assumptions for 49ers games as well as various other recurring and non-recurring events that are envisioned to utilize the new stadium. The following table summarizes assumptions related to annually recurring non-tenant events at the stadium. These assumptions are based on data compiled from operators of several existing venues as well as feedback from other NFL teams.

**Assumptions for Recurring Non-49ers Events**

<b>Event</b>	<b>Annual Events</b>	<b>Average Attendance</b>	<b>Spending per Capita <sup>(1)</sup></b>
Concerts	3	37,500	\$100.00
Soccer	2	50,000	52.00
College Football	1	37,500	77.00
Bowl Game	1	45,000	114.00
Motor Sports	1	42,500	64.00
Festivals	3	55,000	52.00
Parking Lot Events	3	5,000	31.00
Other Events	3	20,000	41.00
<b>Total</b>	<b>17</b>	<b>577,500</b>	

(1) Represents in-stadium spending on tickets, concessions, merchandise and parking.

As shown, the stadium is estimated to host 17 recurring events annually, excluding 49ers games. Annual attendance is estimated to exceed 1.2 million when accounting for attendance at 49ers games.



*The proposed Stadium is estimated to host more than 1.2 million patrons annually.*







Along with the 49ers and other recurring events discussed previously, it is assumed that the stadium will host other major events on a non-recurring basis. Specifically, the stadium is assumed to host a Super Bowl every 10 years, drawing average attendance of approximately 72,000.

#### *Out-of-Facility Spending Assumptions*

While purchases made at the stadium represent the most visible source of spending related to the 49ers and the stadium, spending taking place outside of the stadium by patrons in conjunction with their attendance at events can also have significant impacts on the local economy. In order to assist in estimating the amount of out-of-facility spending that could take place at a new 49ers stadium, fan intercept surveys were conducted at two 49ers home games during the 2006 season. A total of 310 surveys were completed, providing insight as to the origin and spending habits of 49ers game attendees.

The amount of spending fans make in conjunction with their stadium visit often depends on the patron's origin. Fans who travel from outside of the local area to attend games may be more likely to spend money on hotels, restaurants, travel expenses and other such expenditures during their visits. In addition, money spent by non-local fans can often be considered new to the economy, as that spending may not have taken place locally if not for the patron's visit to the stadium.

In order to assess the extent to which the 49ers draw non-local fans to their games, a ZIP code analysis of fan intercept survey respondents was conducted. Based on this analysis, approximately 10 percent of current 49ers game attendees originate from Santa Clara County, while one percent of attendees are from the City of Santa Clara.

To further understand the habits of non-local fans attending 49ers games, survey respondents who do not live in San Francisco were asked whether they would have come to San Francisco if not for the 49ers game, and whether they are making an overnight stay in conjunction with their visit. The charts on the following page summarize the responses.



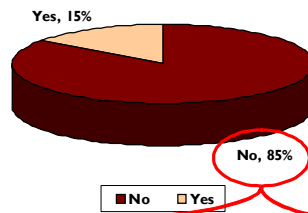
*Approximately 10 percent of 49ers game attendees currently live in Santa Clara County, while 1 percent live in the City of Santa Clara.*



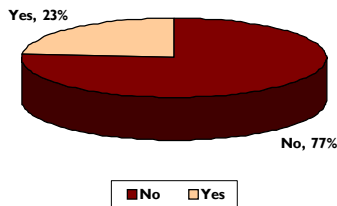


## New 49ers Stadium Economic Impact Analysis

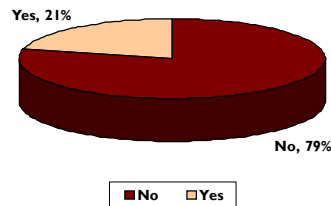
Do you live within the City of San Francisco?



Would you have come into the City of San Francisco this weekend if the 49ers game was not taking place?



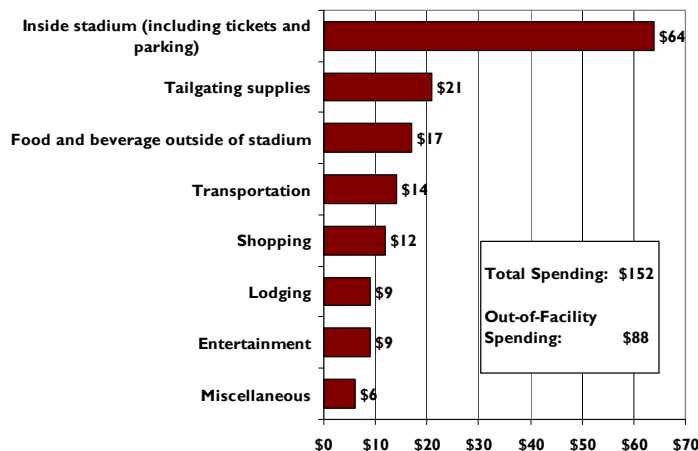
Are you staying overnight in the San Francisco area?



As shown, approximately 85 percent of survey respondents originate from outside of the City of San Francisco. Of these non-local attendees, 77 percent would not have come to the City if not for the 49ers game. Nearly one-fourth of respondents indicated that they were making an overnight stay in conjunction with their attendance at the game. Approximately 70 percent of overnight guests indicated that they were staying in a hotel. The average stay among those respondents was 2.4 days and 1.9 nights.

Survey respondents were also asked to estimate the amount they will spend on each of several types of expenditures in relation to their attendance at the 49ers game. The following chart summarizes the average spending per respondent for each spending type. It should be noted that the averages for out-of-stadium spending exclude respondents who indicated that they spend no money outside of the stadium.

How much will you spend on each of the following per day?





As shown, the average survey respondent indicated that they will spend a total of \$152 per person related to their attendance at the game, of which approximately \$88 would be spent outside of the stadium. However, it should be noted that approximately 25 percent of respondents indicated that they do not spend money outside of the stadium when attending games. After adjusting for these attendees, the average out-of-facility spending per capita decreases to approximately \$65.

The following table summarizes the estimates related to out-of-facility spending at 49ers events at a new stadium in Santa Clara. The estimates are based on the results of the surveys and other research conducted for this study, including economic impact data compiled through similar studies conducted in NFL stadiums in markets such as Dallas, New York, Philadelphia and Green Bay.



*The average spending before and after NFL home games is estimated at approximately \$65.00 per person per game.*



**Out-of-Facility Spending Estimates  
49ers Games**

<b>Spending Type</b>	<b>Per Capita Spending</b>
Hotel Spending	
Average Hotel Price	\$150.00
Persons per Room	2.0
Percent Staying in Hotel	12%
Average Spending Per Capita	\$9.00
Other Spending	
Restaurant	\$12.00
Retail	\$23.00
Local Transit	\$10.00
Entertainment	\$6.00
Other	\$4.00
<b>Total Out-of-Facility Spending Per Capita</b>	<b>\$65.00</b>

The operating assumptions detailed above form the basis for the economic impact estimates discussed throughout the remainder of this report.



## 4.0 Direct Economic Activity

The direct impact discussed in this report includes team and stadium revenues as well as spending by stadium patrons before and after events taking place outside of the stadium at local establishments such as restaurants, hotels, retail shops and other such places. The 49ers' estimated operating revenues were used to calculate the majority of the initial round of spending related to the Team. The assumptions related to attendance and spending levels at non-49ers events were used to estimate direct spending related to the stadium but not directly attributable to the Team.


Estimates related to out-of-stadium spending are based primarily on the results of surveys of 49ers fans conducted in 2006 as described in the previous section. This data, along with similar information gathered as a part of previous analyses for NFL teams was used to develop an understanding of fan spending before and after 49ers games. Spending estimates for other events at the new stadium were developed based on industry averages. The estimated spending per person reflects a weighted average that accounts for individuals who do not spend any money as well as for individuals who do spend money before and after home games.

In addition to fan spending before and after home games, other areas of economic activity that have been used to calculate the impact associated with the 49ers include team revenues and visiting team/media spending.


### *Adjusted Spending*

Adjustments to the gross direct spending sources related to 49ers games have been made to reflect the fact that spending patterns of professional sports teams vary significantly from those in other more typical industries, as a portion of the initial spending immediately leaves the local economy. Traditionally, multipliers that are used in economic impact studies are designed to reflect such leakage. As such, many economists argue that it is not necessary to adjust the initial round of spending since the multipliers take this into account. However, because the largest expense of a professional sports franchise, players' salaries, does not necessarily fully impact the local area (players often do not reside in the local area year-round), the initial round of spending has been adjusted downward in this analysis.

Because a portion of the spending associated with the Team may occur within Santa Clara County but outside of the City of Santa Clara, the impacts generated to the County and City are likely to differ. In order to estimate the specific impacts to the City and to the County, separate spending adjustment assumptions were utilized to reflect the percentage of spending estimated to take place within each jurisdiction.



*Adjusted Spending represents the portion of gross direct spending that is assumed to be re-spent within the local economy.*





The following table summarizes key City and County demographic characteristics, which represent one of the factors considered in developing the adjusted spending assumptions.

**City and County Demographic Overview**

<b>Demographic Variable</b>	<b>City of Santa Clara</b>	<b>Santa Clara County</b>
Population	110,771	1,773,258
Total EBI (in 000's) <sup>(1)</sup>	\$2,765,258	\$47,476,338
Total Retail Sales (in 000's)	\$2,564,421	\$29,243,722
Corporate Inventory <sup>(2)</sup>	359	2,481

(1) EBI = Effective Buying Income

(2) Includes corporate headquarters with at least 25 employees and \$5 million in annual sales and corporate branches with at least 25 employees.

Source: Sales & Marketing Management; Dun & Bradstreet; California Department of Finance.



*Gross direct spending has been reduced by **73 to 88 percent** to account for dollars that are not assumed to be re-spent locally.*



The initial adjustment to gross direct spending involves the portion of 49ers revenues allocated to player salaries, and the percentage of that player spending that is assumed to be re-spent locally. During the season, it is assumed that approximately 65 percent of 49ers' players live within Santa Clara County, including 25 percent who live in the City of Santa Clara, and that players spend approximately 50 percent of the income they receive during that time. It is assumed that 10 percent of 49ers' players continue to reside in Santa Clara County during the offseason, including five percent living in the City of Santa Clara, and that players spend approximately 50 percent of the income they receive during that period. The offseason spending assumptions have been adjusted to reflect the fact that approximately 80 percent of players typically participate in a 14-week voluntary off-season workout program in Santa Clara, resulting in additional local spending by players.

Players who do not live locally are assumed to spend significantly less of their income within the City and County. Specifically, it is assumed that non-resident players spend approximately five percent of their income within the County, while no non-resident spending is assumed to take place within the City.

Overall, it is estimated that approximately 24 percent of total salaries would be spent within Santa Clara County, while approximately nine percent of total salaries would be spent in the City of Santa Clara.

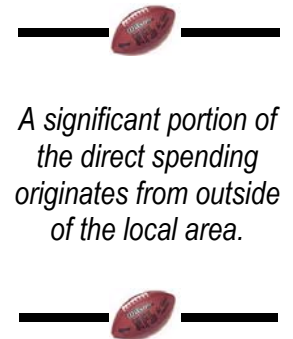
In addition to the player salary adjustment, it is also necessary to adjust other team revenues to reflect that fact that team expenditures do not all occur locally. In total, gross direct spending has been reduced by 73 percent in estimating the adjusted economic impacts to the County and by 88 percent in estimating City impacts.



### Displacement

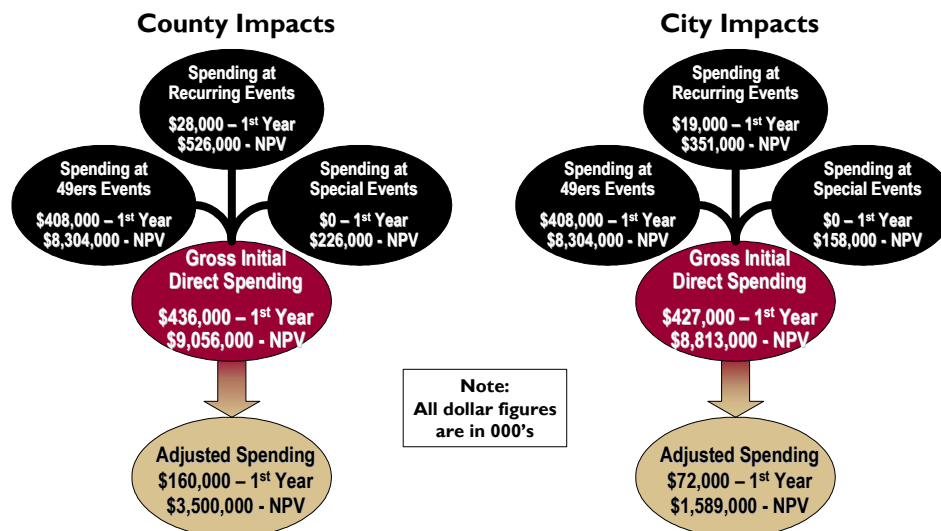
While gross direct spending has been adjusted to account for dollars that are not assumed to be re-spent locally, it should be noted that the economic impact estimates presented herein do not account for potential displacement. With the operations of any sports and entertainment project, the phenomena of displacement will take place to some degree. Specifically, this refers to the fact that some portion of the spending generated by the project may have otherwise taken place on some other entertainment activity in the City and/or County of Santa Clara if the team and stadium were not located there. While this displacement of spending will take place to some degree, it is important to note that:

- The entertainment spending that may take place without the existence of the franchise or stadium may occur outside the Santa Clara County area.
- Spending that results instead of the spending at 49ers events, other Stadium events or the ancillary development may be on goods and services taxed at a lower rate
- A large percentage of 49ers fans originate from outside of Santa Clara County.
- Approximately 50 percent of 49ers revenues come from outside of the local market area, including revenue from the NFL's national broadcast contracts and other such revenue streams.



### Direct Spending Summary

Based on the assumptions discussed herein, estimates of the gross and adjusted spending related to the 49ers and the Stadium have been developed and are presented in the following exhibit.







As shown, the initial *annual* direct spending related to 49ers games, recurring and non-recurring stadium events is estimated to total approximately \$436 million in Santa Clara County. After accounting for 49ers-related revenues that are not assumed to be re-spent locally, the adjusted direct spending is reduced to approximately \$160 million per year.

In terms of City impacts, approximately \$427 million of gross direct spending is estimated to take place in the City of Santa Clara. Adjusted spending in the City is estimated to approximate \$72 million annually.

The following section will discuss the impacts of these direct spending levels as they flow through the local economy.

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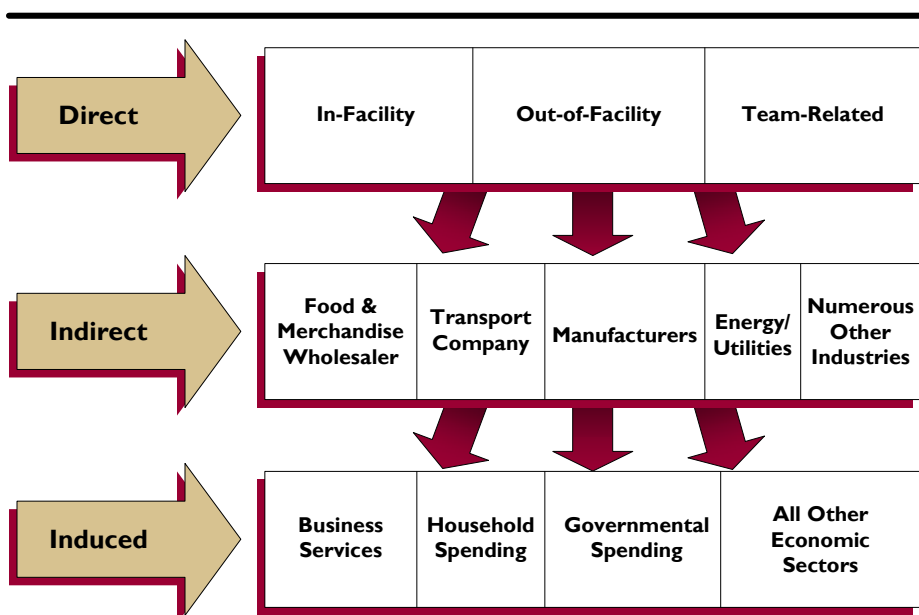


## 5.0 Direct and Indirect Impact

The initial spending of new dollars in an economy begins a series of spending in which the dollars are cycled and recycled through the economy. The indirect spending represents the impact that the various rounds of re-spending of the direct expenditures has on the defined economies.

As money leaves the economy due to exportation or leakage, the input-output model adjusts each successive round of spending, recognizing only the impact that the spending has on the defined economy. The re-spending of the dollars is estimated by utilizing economic multipliers and applying them to the amount of direct, or initial spending.

### Multiplier Effect

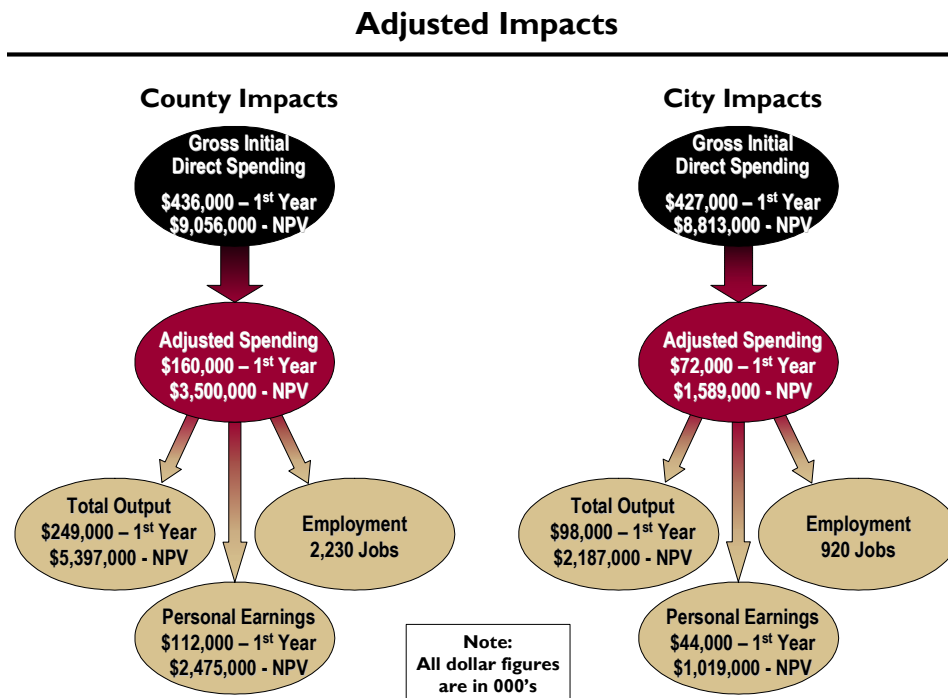


This multiplier effect is estimated in this analysis using a regional economic forecasting model provided by the Minnesota IMPLAN Group, Inc., a private economic modeling company. The model analyzes economic data on a regional basis by individual industry categories. The multipliers derived for this report are Type SAM multipliers for 39 aggregated sectors, and are based on IMPLAN data sets and BEA methodology for creation of Type SAM multipliers. The IMPLAN system is currently used by hundreds of universities and government entities throughout the country.



## Adjusted Impacts

The following chart highlights the initial round of adjusted direct spending and resulting economic impacts associated with the operation of the 49ers and the new Stadium. The resulting total output, earnings and employment were estimated through the application of the aforementioned multipliers.



As shown, the levels of adjusted direct spending discussed in the previous section are estimated to generate approximately \$249 million in total output in Santa Clara County. This level of economic activity is estimated to support 2,230 full- and part-time jobs in the County, resulting in personal earnings of approximately \$112 million.

The level of adjusted spending impacting the City of Santa Clara is estimated to generate approximately \$98 million in total output, supporting 920 jobs with total earnings of approximately \$44 million annually.



## Annual Economic Impacts:

**Output:**  
**\$249 million (County)**  
**\$98 million (City)**

**Personal Earnings:**  
**\$112 million (County)**  
**\$44 million (City)**

**Jobs:**  
**2,230 (County)**  
**920 (City)**





## 6.0 Fiscal Impacts

As a result of the direct and indirect economic impacts generated by the 49ers and the new stadium throughout the local area, the public sector (Santa Clara County, the City of Santa Clara and the State of California) realizes increased tax collections. Based on the estimates of direct spending, the resulting tax collections have been calculated for the State and local jurisdictions. The State of California assesses a 7.25 percent sales tax, with revenues distributed as follows:

- 5.0 percent retained by the State
- 1.0 percent allocated to the City from which the tax originated
- 0.5 percent allocated to the general fund of the County from which the tax originated
- 0.25 percent allocated to transportation projects in the County from which the tax originated
- 0.50 percent allocated to Prop 172, which supports public safety in cities and counties in California.

In addition to these sales taxes, Santa Clara County assesses two voter-approved over-rides of 0.5 percent each for transportation projects, resulting in a total sales tax rate of 8.25 percent. The estimated revenues generated by the City's 9.5 percent Transient Occupancy Tax have also been included in the analysis.

Sales and Transient Occupancy taxes have been calculated based upon the existing tax rates applied to direct ticket, concessions, merchandise, parking, restaurant and hotel spending. Sales taxes resulting from indirect spending have also been included in the analysis. The percentage of indirect spending that is assumed to be subject to sales taxes has been estimated based on historical gross sales and taxable sales data from Santa Clara County. Based on this historical information, it is estimated that approximately 27.2 percent of indirect spending would represent taxable sales.

In addition to sales taxes, the fiscal impact analysis presented herein includes estimated revenue generated by State personal income taxes and State franchise taxes. Income tax revenues were estimated by multiplying estimated annual personal earnings generated by the Team and Stadium by an effective income tax rate, which was estimated based on historical statewide personal earnings and State income tax collections data. Similarly, franchise tax revenue was estimated by multiplying estimated annual output resulting from the presence of the Team and Stadium by an effective franchise rate based on historical State Gross Product and State franchise tax collections.



*Team and stadium related is estimated to generate approximately \$12.3 million in annual State and local tax revenues.*





## New 49ers Stadium Economic Impact Analysis

It should be noted that because the proposed Stadium site is located within a Redevelopment Area, the property or possessory interest taxes that would flow from the Stadium have been excluded from this analysis.

The table to the right summarizes the tax rates utilized for this analysis. Any changes in these rates will have an impact on the resulting tax collections. The estimated tax collections related to economic activity within the State of California, Santa Clara County and the City of Santa Clara are presented in the following exhibit:

**Estimated Fiscal Impacts**

<b>Tax Type</b>	<b>Year 1</b>	<b>NPV</b>
<b>State Taxes</b>		
Sales	\$5,300	\$124,000
Personal Income	3,000	66,000
State Franchise	1,100	23,000
<b>Total State Tax Revenues</b>	<b>\$9,400</b>	<b>\$213,000</b>
<b>County Taxes</b>		
Sales	\$1,600	\$37,000
<b>Total County Tax Revenues</b>	<b>\$1,600</b>	<b>\$37,000</b>
<b>City Taxes</b>		
Sales	\$500	\$11,000
Transient Occupancy	300	7,000
<b>Total City Tax Revenues</b>	<b>\$800</b>	<b>\$18,000</b>
<b>Other Taxes</b>		
Prop 172 Sales <sup>(1)</sup>	\$500	\$12,000
<b>Total Other Tax Revenues</b>	<b>\$500</b>	<b>\$12,000</b>
<b>Total Tax Revenues</b>	<b>\$12,300</b>	<b>\$280,000</b>

(1) Represents Prop 172 sales tax revenues estimated to be generated throughout the State.

Note: All dollar figures are in 000's.

The level of adjusted direct spending and resulting economic activity related to the presence of the 49ers and the new stadium is estimated to generate approximately \$12.3 million in tax revenues to the City, State and County. The net present values of these tax streams over the first 30 years of Team and Stadium operations are estimated to approximate \$280 million.

The fiscal impact estimates presented herein do not include sales taxes estimated to be generated during the stadium construction period. These impacts are discussed in the following section.

**Fiscal Impact Assumptions**

<b>Sales Tax Rates</b>	
Retained by State	5.00%
State Allocated to City	1.00%
State Allocated to County	0.50%
County Transportation & Roads	0.25%
Public Safety (Prop 172)	0.50%
County Transit Authority	1.00%
<b>Total Sales Tax Rate</b>	<b>8.25%</b>
<b>Indirect Spending - Percent Taxable</b>	<b>27.18%</b>
<b>City Transient Occupancy Tax Rate</b>	<b>9.50%</b>
<b>Effective Personal Income Tax Rate</b>	<b>2.68%</b>
<b>Effective Franchise Tax Rate</b>	<b>0.43%</b>



## 7.0 Construction Period Impacts

The impact of the construction phase of a project is determined by the volume and nature of construction and other development-related expenditures as well as the region in which they take place. Based on the latest estimates prepared by the project pre-construction managers, the “hard” construction costs (excluding “soft” costs) for the stadium are assumed to be approximately \$727 million.

The economic impacts resulting from this construction expenditure depend on the nature of the spending and the extent to which the spending takes place locally. Based on detailed cost estimates prepared by the project preconstruction managers, it is estimated that approximately \$112 million of construction expenditures would be spent on materials and labor derived from within Santa Clara County, of which \$8.1 million would be spent within the City of Santa Clara.

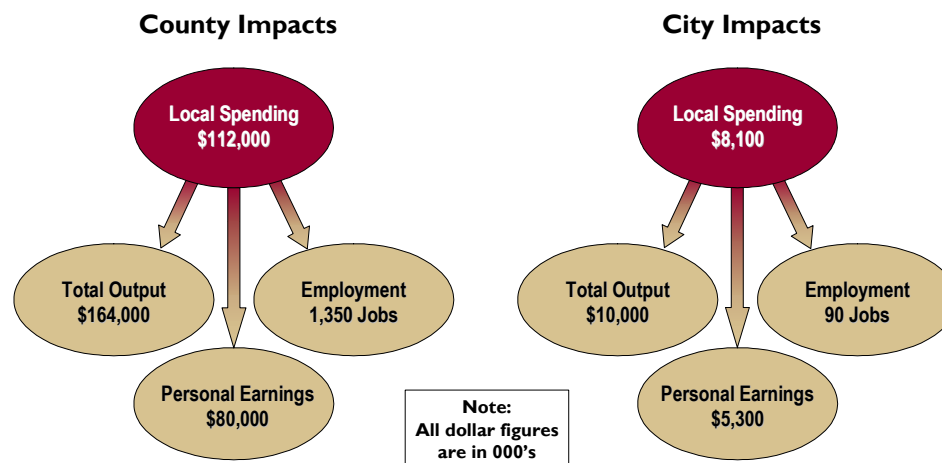
Based on these assumptions, the total direct spending occurring within the County and City was calculated. The economic impacts resulting from those spending levels were estimated by applying multipliers that specifically reflect the unique characteristics of the local construction industry, as summarized in the following exhibit.



*The construction of the stadium will have an impact on the local workforce over a three-year period.*



### Construction Impacts



As shown, an estimated \$112 million of construction spending is estimated to take place within Santa Clara County, generating approximately \$164 million in total output during the construction period. This level of economic activity is estimated to support 1,350 jobs with total personal earnings of approximately \$80 million.





Approximately \$8.1 million of project spending is estimated to occur within the City of Santa Clara, which would generate approximately \$10.0 million in output and \$5.3 million in earnings while supporting approximately 90 jobs during the construction period.

In terms of tax revenues, it is assumed that 100 percent of direct materials spending would be subject to sales tax, while approximately 27 percent of indirect spending would be taxable. Based on these assumptions, the following table summarizes the estimated fiscal impacts generated during the construction period.

**Fiscal Impacts During Construction Phase**

Total Taxable Sales	
State	\$573,727,000
County	56,286,000
City	7,927,000
Tax Revenues	
State Taxes	\$28,686,000
County Taxes	985,000
City Taxes	79,000
Public Safety (Prop 172) <sup>(1)</sup>	281,000
<b>Total Sales Tax Revenues</b>	<b>\$30,031,000</b>

(1) Represents Prop 172 taxes generated by spending taking place within Santa Clara County.

It should be noted that unlike the other economic impact figures presented in this report, the impacts related to stadium construction are not measured annually. The construction related impacts presented herein represent the *total* impacts taking place over the entire construction period, which is estimated to last for approximately 31 months.



*More than **\$30 million** in State and local sales tax revenues could be generated during the stadium construction phase.*





## 8.0 Non-Quantifiable Benefits

An NFL franchise creates direct and indirect economic benefits in the geographical area in which it is located. Many of those benefits are qualitative, and their impact cannot be quantified. However, these benefits must be considered in a comprehensive review of the economic benefits derived from an NFL franchise.

Geographic regions supporting NFL franchises are believed to derive significant benefit from the national and international focus and media attention created by that NFL franchise. Through this exposure, the Santa Clara community would be exposed to millions of people through appearances in many media forums. The benefits derived are similar to those of companies who advertise their company name as opposed to a specific product. The advertising or media attention creates awareness and goodwill toward that company, or in this case, the host city. Increased awareness is translated into economic benefits in subtle, but meaningful ways. Professional sports influence a community's identity and cohesion, resulting in some of the intangible elements that comprise an area's quality of life.

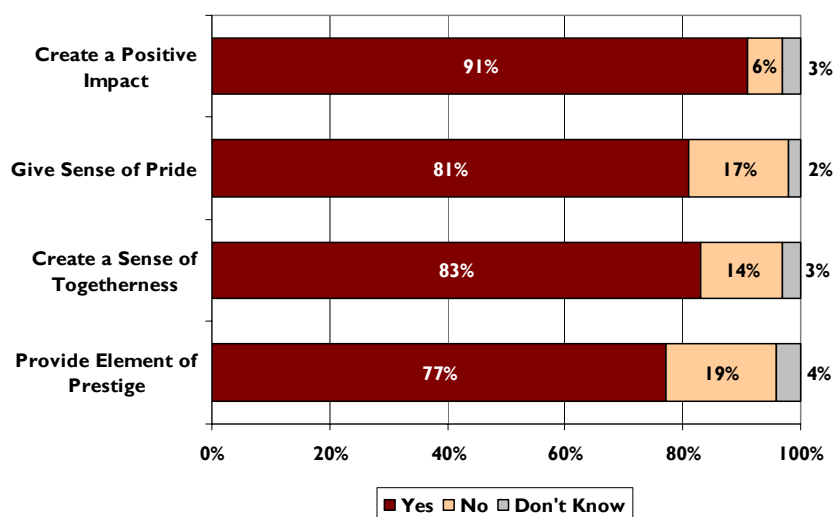
As part of previous research of NFL markets, season ticket holders from other NFL markets were asked a series of questions regarding the impact of an NFL team on the local community and its quality of life. As shown below, the general consensus among respondents is that an NFL franchise has a significant impact on a community by creating a positive image, sense of togetherness and a sense of pride.



*The qualitative impacts of a professional sports franchise must be considered in a comprehensive review of the economic benefits derived from an NFL franchise*



Perceived Impacts of NFL Teams on Local Market





In addition to the economic benefits attributable to the presence of the 49ers, various Bay-Area community groups and non-profit organizations have directly benefited from the presence of the 49ers and the National Football League. 49ers players and staff members make numerous appearances at various fundraising events each year, and the 49ers organization has made significant financial contributions to community groups and non-profit organizations in the region.

The San Francisco 49ers Foundation is the non-profit community funding extension of the San Francisco 49ers. Now in its 15th year, the San Francisco 49ers Foundation supports development programs for underserved youth that keep them safe, on track and in school. A significant portion of its funding goes towards family violence prevention programs and activities that teach youth leadership and respect.

Under the direction of team co-owners Denise and John York, the 49ers Foundation has raised and distributed more than \$4 million to non-profit organizations over the last four years, making it one of the premier foundations in the National Football League.

Grants from the 49ers Foundation provide funding to non-profit organizations throughout the San Francisco Bay Area. The Foundation has provided numerous grants to organizations in the Bayview Hunters Point community of San Francisco including a founding contribution to the Bayview Hunters Point Boys and Girls Club to help establish the new Hunters Point Clubhouse for area youth. The Foundation also supports underserved youth throughout the Peninsula and South Bay through grants to organizations like the 49ers Academy in East Palo Alto, which provides an alternative educational environment to students who have challenges in traditional school settings.

In addition to the San Francisco 49ers Foundation, the team has a robust community outreach program dedicated to teaching young people the value of respect for families, schools and communities. This year, 49ers players, coaches and staff participated in over 130 community activities and events, donating over 2,500 hours of volunteer time in the Bay Area. The team also donated auction and raffle items to assist with the fundraising efforts of over 1,200 non-profit organizations.





## **9.0 Report Conditions**

It is important to note specific issues concerning the development of project assumptions and the methodology used to quantify the direct spending and the resulting economic impacts. Significant issues include the following:

- The analysis contained in the report is based on information provided by the San Francisco 49ers, the City of Santa Clara, Santa Clara County and the State of California.
- Team spending assumptions are based upon historical and projected data.
- The multipliers used in this analysis were generated based on data for Santa Clara County and the City of Santa Clara.
- CSL International does not make any representations or warranties as to the accuracy or completeness of the information provided to us. Information provided to us has not been audited or verified and has been assumed to be correct.
- Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the analysis period may vary from those described in the report, and the variations may be material.
- The report has been prepared to assist the 49ers in the assessment of the economic impacts and community benefits associated with the franchise and the proposed new Santa Clara stadium and should not be relied upon for any other purpose, or by any other person or entity.